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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6624  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 0563  
RUEHBJ/AMEMBASSY BEIJING 1533  
RUEHKA/AMEMBASSY DHAKA 4625  
RUEHNE/AMEMBASSY NEW DELHI 4097  
RUEHUL/AMEMBASSY SEOUL 7653  
RUEHKO/AMEMBASSY TOKYO 5212  
RUEHCN/AMCONSUL CHENGDU 1211  
RUEHCHI/AMCONSUL CHIANG MAI 1101  
RUEHCI/AMCONSUL KOLKATA 0074  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKJCS/DIA WASHDC  
RHEHNSC/NSC WASHDC  
RUEAIIA/CIA WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 0998

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000974

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STATE FOR EAP/MLS; INR/EAP; OES FOR JMOTKE AND ACOVINGTON;  
EAP FOR JYAMAMOTO; EEB FOR TSAEGER  
PACOM FOR FPA;  
TREASURY FOR OASIA: SCHUN

E.O. 12958: DECL: 10/04/2017

TAGS: [ECON](#) [ENRG](#) [PGOV](#) [EPET](#) [BM](#)

SUBJECT: IGNORING POLITICS, INDIA AND BURMA SIGN ENERGY  
AGREEMENT

REF: A. NEW DELHI 4438

[1](#)B. RANGOON 862

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4  
(b,d)

[1](#)1. (C) Summary. Indian Minister of Petroleum Murli Deora, accompanied by GOI-owned Oil and Natural Gas Company Videsh Ltd. (OVL) Managing Director R.S. Butola, visited Burma September 23-25 to discuss new opportunities for oil and gas investment. On September 24, OVL signed a petroleum sharing contract (PSC) worth \$150 billion with the Myanmar Oil and Gas Enterprise. The PSC calls for exploration in three deep-water blocks - AD-2, AD-3, and AD-9. Discovering natural gas in these three blocks would be India's best bet for obtaining natural gas from Burma, given that gas from the nearby Shwe fields would likely be sold to China. The Indian Embassy confirmed that as the political situation returns to normal, it would maintain business as usual with the GOB. End Summary.

Tapping Burma's Natural Gas  
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[1](#)2. (C) During Indian Minister of Petroleum Murli Deora's three-day trip to Burma, OVL Managing Director R.S. Butola on September 24 signed a \$150 billion petroleum sharing contract (PSC) with Myanmar Oil and Gas Enterprise, the state-owned enterprise responsible for oil and gas production in Burma (Ref A). According to Indian DCM Manoj Bharti, the PSC covers three deep-water blocks in the Bay of Bengal: AD-2, AD-3, and AD-9. These three blocks, which are located

southwest of the Shwe Gas fields, are between 1,500 and 3,000 meters deep. This contract marks the first substantial investment by OVL in Burma's oil and gas sector. Indian company GAIL already holds a ten percent share in the Shwe Gas fields and has a contract for production in the A-7 block since 2006.

¶3. (C) OVL has been interested in Burma's oil and gas sector for years, Bharti informed us. Confident of the untapped natural gas reserves lying beneath the Bay of Bengal, OVL approached MOGE in early 2007 regarding the three blocks. We understand that OVL also expressed interest in AD-8 and AD-1, which border the Shwe Gas fields, but MOGE granted those contracts to Chinese-owned CNPC earlier this year. Bharti noted that OVL plans to conduct seismic tests in the three blocks beginning in 2008 and could begin exploratory drilling as early as 2010. Assuming exploration yields discovery, OVL would begin extracting natural gas in 2012. Bharti would not comment on potential sales of natural gas in the future, but confirmed that OVL maintained the right to select a buyer.

What About Politics?

¶4. (C) Asked whether the current political situation would influence India's plans to invest in Burma, Bharti noted that the situation was returning to normal and that Indian businesses were proceeding with their plans. Under its contract, OVL must first conduct seismic tests of the blocks, which Bharti stated required no political involvement. None of the Indian companies working in Burma had any plans to close operations, he explained. In a separate meeting, Bharti told Embassy officers that India would not become involved in Burma's politics - it is up to "the Western countries" to promote change.

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No News on Deep Sea Port or Pipeline

¶5. (C) According to Bharti, Petroleum Minister Deora raised with GOB officials India's bid to construct a natural gas pipeline from the Shwe Gas fields, as well as plans to build a deep sea port at Sittwe. The Burmese Government has not made any decisions on either the pipeline or the port, he confirmed. In previous conversations, the Indian Commercial Counselor indicated that the GOI continues to be in talks with the regime about constructing the Sittwe port in order to facilitate trade to India's impoverished Northeast region (Ref B).

Comment

¶6. (C) India continues to compete with China for access to Burma's rich natural resources, but more often than not, finds itself on the losing end. Granting India contracts for three potentially profitable deep-sea blocks the week that demonstrations turned violent was timely, and shows how the GOB uses its resources to keep its neighbors quiet.

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